

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 15, 2009

TO: Honorable Rene Oliveira, Chair, House Committee on Ways & Means

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB4765 by Oliveira (Relating to the total revenue exemption for the franchise tax.), **As Introduced**

The bill will have a direct impact of a revenue loss to the Property Tax Relief Fund of \$172,123,000 for the 2010-11 biennium. Any loss to the Property Tax Relief Fund will have to be made up with General Revenue of the same amount to fund property tax relief.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>Property Tax Relief Fund</i> 304
2010	(\$85,000,000)
2011	(\$87,123,000)
2012	\$0
2013	\$0
2014	\$0

Fiscal Analysis

The bill would amend Chapter 171 of the Tax Code, regarding the franchise tax, by temporarily increasing the amount of total revenue at which a taxable entity would owe no tax. The amount in current law is \$300,000. This bill would raise the amount to \$1 million for tax reports due in 2010 and 2011. For tax reports due on or after January 1, 2012, the bill would return the amount to the current law amount.

The bill would take effect January 1, 2010, and apply to reports due on or after that date.

Methodology

The estimated fiscal impact of the bill is based on data reported on the 2008 franchise tax reports from taxable entities with total revenue of \$1,000,000 or less.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, SD